



General Assembly

February Session, 2016

Raised Bill No. 5610

LCO No. 2935



Referred to Committee on GOVERNMENT ADMINISTRATION
AND ELECTIONS

Introduced by:
(GAE)

***AN ACT REQUIRING THE LICENSING OF TAX PREPARERS AND
FACILITATORS.***

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2016*) As used in this section
2 and sections 2 to 16, inclusive, of this act:

3 (1) "Attorney" means an attorney admitted to practice law in this
4 state or one or more of the other states or jurisdictions of the United
5 States.

6 (2) "Board" means the State Board of Tax Practitioners established in
7 section 2 of this act.

8 (3) "Certified public accountant" means an accountant licensed
9 pursuant to chapter 389 of the general statutes or a similar law of one
10 or more of the other states or jurisdictions of the United States.

11 (4) "Client" means an individual for whom a tax preparer or
12 facilitator performs or agrees to perform tax preparation services.

13 (5) "Commercial tax return preparer" means a tax preparer who: (A)
14 Prepared ten or more returns for compensation in the preceding
15 calendar year and will prepare at least one return for compensation
16 during the current calendar year; or (B) prepared fewer than ten
17 returns in the preceding calendar year but will prepare ten or more
18 returns for the current calendar year.

19 (6) "Commercial tax return preparation business" means an entity
20 that employs commercial tax return preparers.

21 (7) "Creditor" means any person who makes a refund anticipation
22 loan or who takes an assignment of a refund anticipation loan.

23 (8) "Electronic" means computer technology.

24 (9) "Enrolled agent" means an agent enrolled to practice before the
25 United States Internal Revenue Service pursuant to 31 CFR 10.4,
26 subpart A.

27 (10) "Facilitator" means a person who individually or in conjunction
28 or cooperation with another person: (A) Solicits the execution of,
29 processes, receives or accepts an application or agreement for a refund
30 anticipation loan or refund anticipation check; (B) serves or collects
31 upon a refund anticipation loan or refund anticipation check; or (C) in
32 any other manner, facilitates the making of a refund anticipation loan
33 or refund anticipation check. "Facilitator" does not include any
34 employees of a facilitator who provide only clerical or other
35 comparable support services to such facilitator.

36 (11) "Tax preparer" means an individual who is licensed by the
37 board to provide individual tax preparation services

38 (12) "In good standing" means an individual has not engaged in
39 conduct that would justify censure, suspension or disbarment from
40 practice.

41 (13) "Provide individual tax preparation services" means to prepare,

42 advise or assist in the preparation of, or to assume final responsibility
43 for, another person's preparation of a federal or state income tax return
44 of another person for valuable consideration.

45 (14) "Refund anticipation check" means a check, stored value card or
46 other payment mechanism that: (A) Represents the proceeds of a tax
47 refund; (B) is issued by a depository institution or other person that
48 received a direct deposit of the tax refund or tax credits; and (C) is paid
49 for by a fee or other consideration.

50 (15) "Refund anticipation loan" means a loan that is secured by or
51 that the creditor arranges to be repaid directly or indirectly from the
52 proceeds of an income tax refund or tax credits. "Refund anticipation
53 loan" also includes any sale, assignment or purchase of tax refund at a
54 discount or for a fee, whether or not the amount is required to be
55 repaid to the buyer or assignee if the United States Internal Revenue
56 Service or the Department of Revenue Services denies or reduces the
57 amount of the tax refund.

58 (16) "License" means, unless the context requires otherwise, an
59 authorization issued by the board to provide individual tax
60 preparation services.

61 (17) "Return" means a return or report relating to a tax administered
62 by the United States Internal Revenue Service or Department of
63 Revenue Services.

64 Sec. 2. (NEW) (*Effective October 1, 2016*) (a) There is established a
65 State Board of Tax Practitioners, within the Office of the Secretary of
66 the State, which shall consist of eight members, to be appointed by the
67 Governor in consultation with the Secretary of the State. All members
68 of the board shall be residents of this state. The Governor shall select a
69 chairperson for the board. The term of each member of the board shall
70 be coterminous with that of the Governor. Vacancies occurring during
71 a term shall be filled by appointment by the Governor for the
72 unexpired portion of the term. Upon the expiration of a member's term

73 of office, such member shall continue to serve until a successor has
74 been appointed. Any member of the board whose professional license
75 is revoked or suspended shall automatically cease to be a member of
76 the board. No person who has served two successive complete terms
77 shall be eligible for reappointment to the board. An appointment to fill
78 an unexpired term shall not be considered to be a complete term. Any
79 member who, without just cause, fails to attend fifty per cent of all
80 meetings held during any calendar year shall not be eligible for
81 reappointment.

82 (b) The board consists of eight members of which seven have at least
83 five years of tax preparation experience and one shall be a member of a
84 nonprofit tax program or nonprofit consumer advocate program. The
85 members of the board may also include, but need not be limited to,
86 representatives of the following groups: (1) A member of a nonprofit
87 tax program or nonprofit consumer advocate program; (2) a
88 commercial individual tax preparer who has been in practice in the
89 state for more than ten years and has at least two hundred employees;
90 (3) a member of the Connecticut Association of Certified Public
91 Accountants; (4) a member of the Connecticut Society of Public
92 Accountants; (5) a member of the Connecticut Bar Association; and (6)
93 a member of the National Association of Enrolled Agents.

94 (c) The board shall meet at such times and places as may be fixed by
95 the board and shall meet at least once in every quarter of a calendar
96 year. A majority of the board members then serving shall constitute a
97 quorum at any meeting. The board shall have a seal which shall be
98 judicially noticed. The board shall maintain a registry of the names and
99 addresses of all registrants, and shall have responsibility for the
100 administration and enforcement of the provisions of sections 3 to 16,
101 inclusive, of this act.

102 (d) Each member of the board shall be reimbursed for his or her
103 actual and necessary expenses incurred in the discharge of such
104 member's official duties.

105 (e) The board shall annually publish a directory of registrants which
106 shall include the names of all registrants, arranged alphabetically.

107 (f) The board may recommend and the Secretary of the State may
108 employ, subject to the provisions of chapter 67 of the general statutes,
109 such personnel as may be necessary to carry out the provisions of this
110 section, section 1 of this act and sections 3 to 16, inclusive, of this act.
111 The board may enter into such contractual agreements as may be
112 necessary for the discharge of its duties, within the limit of its
113 appropriated funds and in accordance with established procedures, as
114 it deems necessary in its administration and enforcement of said
115 sections. It may appoint committees or persons to advise or assist the
116 board in such administration and enforcement as it may see fit.

117 (g) The board shall issue licenses to tax preparers and facilitators.
118 The board may take any action that is necessary and proper to
119 effectuate the purposes of this section, section 1 of this act and sections
120 3 to 16, inclusive of this act, including the power to issue subpoenas to
121 compel the attendance of witnesses and the production of documents;
122 to administer oaths; to take testimony and to receive evidence
123 concerning all matters within its jurisdiction. In case of disobedience of
124 a subpoena, the board may invoke the aid of any court of this state in
125 requiring the attendance and testimony of witnesses and the
126 production of documentary evidence. The board, its members, and its
127 agents shall be immune from personal liability for actions taken in
128 good faith in the discharge of the board's responsibilities, and the state
129 shall indemnify and hold harmless the board, its members, and its
130 agents from all costs, damages and attorneys' fees arising from claims
131 and suits against them with respect to matters to which such immunity
132 applies.

133 Sec. 3. (NEW) (*Effective October 1, 2016*) (a) The State Board of Tax
134 Practitioners shall have the following powers and all associated
135 powers necessary or proper to carry the granted powers into effect:

- 136 (1) To determine qualifications of applicants for licensing as a
137 facilitator or a tax preparer in this state;
- 138 (2) To cause examinations to be prepared, conducted and graded;
- 139 (3) To issue licenses to qualified applicants upon their compliance
140 with the rules of the board;
- 141 (4) To restore the license of any facilitator or tax preparer whose
142 license has been suspended or revoked, including: (A) At a time
143 certain; or (B) when the person subject to suspension fulfills any
144 conditions for reissuance set by the board;
- 145 (5) To investigate alleged violations of this section and sections 4 to
146 16, inclusive, of this act or any regulation or order adopted thereunder;
- 147 (6) To enforce the provisions of this section and sections 4 to 16,
148 inclusive, of this act and to exercise general supervision over facilitator
149 and tax preparer practice;
- 150 (7) To issue a cease and desist order in accordance with section 15 of
151 this act;
- 152 (8) To assess civil penalties within a cease and desist order issued by
153 the board if the board has reason to believe that a person has been
154 engaged or is engaging in any violation of this section or sections 4 to
155 16, inclusive, of this act or any regulation or order adopted thereunder;
- 156 (9) To formulate a code of professional conduct for facilitators and
157 tax preparers;
- 158 (10) To assess against the licensee or any other person found guilty
159 of violating any of the provisions of this section or sections 4 to 16,
160 inclusive, of this act or any regulation or order adopted thereunder, in
161 addition to any other sanctions, the costs associated with the
162 disciplinary or other action taken by the board;

163 (11) To order that any person who has engaged in or is engaging in
164 any violation of this section or sections 4 to 16, inclusive, of this act or
165 any regulation or order adopted thereunder, to rescind and pay
166 restitution to anyone harmed by the violation who seeks rescission;
167 and

168 (12) To adopt regulations, in accordance with the provisions of
169 chapter 54 of the general statutes, to implement the provisions of this
170 section, section 2 and sections 4 to 16, inclusive, of this act.

171 (b) The power of the board to restore a license under subdivision (4)
172 of subsection (a) of this section includes the power to restore a license
173 suspended or revoked due to conviction of a crime. In making a
174 determination to restore a license, the board shall consider the
175 relationship of the facts that supported the conviction to the code of
176 professional conduct, if any, and all intervening circumstances in
177 determining the fitness of the person to receive or hold a facilitator's or
178 tax preparer's license.

179 (c) The board may keep personal financial information gathered
180 pursuant to an investigation by the board confidential after a final
181 order or determination by the board, unless disclosure is considered
182 necessary by the board for the investigation or prosecution of an
183 alleged violation of this section, section 2 and sections 4 to 16,
184 inclusive, of this act, or any regulation or order adopted thereunder.
185 For the purposes of this subsection, "personal financial information"
186 includes, but is not limited to, tax returns.

187 Sec. 4. (NEW) (*Effective October 1, 2016*) (a) Except as provided in
188 section 13 of this act, no person shall engage in the business of, solicit
189 business as or make representations to be or advertise as furnishing tax
190 preparation services without obtaining a tax preparer or facilitator
191 license from the board. Every applicant for a license as a facilitator or
192 tax preparer shall satisfy the following requirements in order to qualify
193 for a license:

194 (1) Be eighteen years of age or older;

195 (2) Possess a high school diploma or have passed an equivalency
196 examination;

197 (3) Present evidence satisfactory to the State Board of Tax
198 Practitioners that the applicant has successfully completed at least
199 seventy hours in basic personal income tax law, theory and practice at
200 a professional training session or educational institution approved by
201 the board; and

202 (4) Possess a preparer tax identification number issued by the
203 United States Internal Revenue Service.

204 (b) In addition to the requirements of subsection (a) of this section,
205 every applicant for licensing as a tax preparer or facilitator shall pass
206 an examination to the satisfaction of the board. The examination shall
207 be prepared in a manner that, in the judgment of the board, measures
208 the applicant's knowledge of Connecticut and federal personal income
209 tax law, theory and practice. In order to obtain a facilitator's license,
210 the examination shall be of a more exacting nature and require higher
211 standards of knowledge of Connecticut and federal personal income
212 tax law, theory and practice than the examination for a tax preparer's
213 license.

214 (c) In addition to the requirements of subsections (a) and (b) of this
215 section, every applicant for licensing as a facilitator or tax preparer
216 shall present evidence satisfactory to the board of active employment,
217 as a tax preparer or facilitator or employment in this or another state in
218 a capacity that is, in the judgment of the board, equivalent to that of a
219 tax preparer or facilitator, for not less than a cumulative total of one
220 thousand one hundred hours during at least two of the last five years.
221 The board may accept evidence that the applicant was employed as a
222 tax preparer under supervision for the period indicated in a certificate
223 issued by another state to be satisfactory evidence of the applicant's
224 employment as a tax preparer for the period indicated. If an applicant

225 has worked less than a cumulative total of one thousand one hundred
226 hours in at least two of the last five years, the board may consider the
227 number of hours employed, the number of years employed, the
228 number of tax returns prepared and whether the work involved
229 contributed directly to the professional competence of the individual
230 in determining if a tax preparer or facilitator has met the work
231 experience requirement.

232 (d) If, in the judgment of the board, an applicant has, in
233 combination, the education and experience to qualify for a facilitator's
234 or tax preparer's license, but does not meet or cannot present evidence
235 of strict compliance with the requirements of subdivision (3) of
236 subsection (a) of this section or subsection (c) of this section, the board
237 may allow some of the applicant's education or experience to
238 substitute one for the other. The provisions of this subsection shall not
239 be construed to allow a waiver of, or substitution for, any
240 qualifications needed for a facilitator's or tax preparer's license.

241 (e) The initial application fee for a tax preparer's or facilitator's
242 license shall be paid by a means to be determined by the board in the
243 amount of fifty dollars. Each such license shall be renewable annually.

244 Sec. 5. (NEW) (*Effective October 1, 2016*) The State Board of Tax
245 Practitioners may issue a license to an applicant for a license as a
246 facilitator or as a tax preparer who: (1) Presents evidence satisfactory
247 to the board that the applicant is licensed as a tax preparer or facilitator
248 in a state that has requirements for licensing substantially similar to
249 the requirements for licensing in this state; and (2) has passed to the
250 satisfaction of the board an examination covering Connecticut personal
251 income tax law, theory and practice.

252 Sec. 6. (NEW) (*Effective October 1, 2016*) (a) Each tax preparer, who
253 will prepare at least one return in a calendar year, and each facilitator,
254 who will facilitate the making of a refund anticipation loan or refund
255 anticipation check, shall apply electronically for a license for that

256 calendar year, in accordance with instructions prescribed by the board.

257 (b) Upon completion of the licensing process, set forth in section 4 of
258 this act, each qualified tax preparer and facilitator shall be issued a tax
259 preparer or facilitator license. If an individual acts as both a tax
260 preparer and a facilitator, one license shall indicate both activities.

261 (c) In accordance with instructions prescribed by the board, each tax
262 preparer and facilitator shall also be assigned a unique identification
263 number, that shall be used by the tax preparer and facilitator on each
264 return that the tax preparer is required to sign and each refund
265 anticipation loan and refund anticipation check the facilitator is
266 required to sign.

267 (d) If a tax preparer or facilitator is an employee or prospective
268 employee of a tax preparer, a commercial tax return preparation
269 business, or a facilitator, the tax preparer, commercial tax return
270 preparation business or facilitator shall ensure that the employee or
271 prospective employee is properly licensed with the board and
272 possesses a valid tax preparer or facilitator license.

273 (e) Each licensed tax preparer and facilitator shall electronically
274 renew his or her license with the board annually, in accordance with
275 instructions prescribed by the board. If, at any time during the year
276 following licensing or renewal, as applicable, any information
277 provided by the tax preparer or facilitator upon licensing or renewal is
278 no longer correct, the tax preparer or facilitator shall update his or her
279 information in accordance with instructions prescribed by the State
280 Board of Tax Practitioners.

281 (f) Each tax preparer preparing any return shall sign the document
282 and include the unique identification number referenced in subsection
283 (c) of this section, in accordance with instructions prescribed by the
284 State Board of Tax Practitioners.

285 (g) Each commercial tax return preparer shall pay an annual fee of

286 one hundred dollars to the board, in accordance with instructions
287 prescribed by the board, to obtain a license as a commercial tax return
288 preparer.

289 (h) The issuance of a tax preparer or facilitator license to provide tax
290 preparation services or refund anticipation loan services is not, and
291 shall not be advertised as, an endorsement by the board, or his or her
292 qualifications or the services rendered by him or her.

293 (i) A tax preparer who has not applied for a license with the board,
294 or a commercial tax return preparer that has not paid the required
295 licensing fee, shall not represent his or her clients before the
296 Department of Revenue Services.

297 (j) If a tax preparer or facilitator is required to apply for a license or
298 license renewal with the board pursuant to this section and fails to
299 comply with the requirements of this section, the tax preparer or
300 facilitator shall pay a penalty of twenty-five dollars for each month
301 without a license for a maximum of three hundred dollars per calendar
302 year. The board may waive such penalty only for good cause shown by
303 the tax preparer or facilitator.

304 (k) If a commercial tax return preparer fails to pay the annual
305 licensing fee as required in subsection (g) of this section, for a calendar
306 year, the commercial tax return preparer shall pay a penalty of twenty-
307 five dollars for each month without a license for a maximum of three
308 hundred dollars per calendar year.

309 Sec. 7. (NEW) (*Effective October 1, 2016*) The State Board of Tax
310 Practitioners shall adopt regulations, in accordance with the provisions
311 of chapter 54 of the general statutes, to establish reasonable fees for:

312 (1) Application for examination for a facilitator's license.

313 (2) Application for examination for a tax preparer's license.

314 (3) Issuance or renewal of a facilitator's license.

315 (4) Issuance or renewal of a tax preparer's license.

316 (5) Issuance or renewal of a facilitator's inactive license.

317 (6) Issuance or renewal of a tax preparer's inactive license.

318 (7) Reactivation of a facilitator's inactive license or reactivation of a
319 tax preparer's inactive license.

320 (8) Restoration of lapsed licenses.

321 (9) Issuance or replacement of a duplicate license.

322 (10) Issuance or renewal of a combined facilitator's or tax preparer's
323 license for a sole proprietorship, partnership, corporation or other legal
324 entity. The board shall determine eligibility for a combined license
325 under regulations adopted by the board in accordance with chapter 54
326 of the general statutes.

327 Sec. 8. (NEW) (*Effective October 1, 2016*) Prior to providing any
328 individual tax preparation services, a licensed tax preparer shall
329 provide the client with a written disclosure consisting of:

330 (1) The tax preparer's name, address, telephone number and
331 personal tax identification number from the United States Internal
332 Revenue Service;

333 (2) A statement that the tax preparer is not a certified public
334 accountant, an enrolled agent or a tax attorney;

335 (3) A list or description of the services that the tax preparer is
336 qualified to provide;

337 (4) The tax preparer's education and training, including
338 examinations taken and successfully passed; and

339 (5) The fees charged for individual tax preparation services that
340 contains the following information: (A) A list of, description of, and

341 the fee for each tax preparation service offered by the tax preparer,
342 including fees for the preparation of individual forms; (B) a list of,
343 description of, and price of all miscellaneous fees associated with the
344 tax preparer's tax preparation services, including filing fees and
345 processing fees; and (C) an estimate of the total charge to the client
346 based upon the tax preparation services the client has selected to
347 purchase.

348 Sec. 9. (NEW) (*Effective October 1, 2016*) (a) A tax preparer or
349 facilitator shall not:

350 (1) Charge or impose any fee, charge or other consideration in the
351 making or facilitating of a refund anticipation loan or refund
352 anticipation check apart from the fee charged by the creditor or bank
353 that provided the loan or check;

354 (2) Engage in unfair or deceptive acts or practices in the facilitating
355 of a refund anticipation check or a refund anticipation loan, including
356 making any oral statements contradicting any of the information
357 required to be disclosed under the Taxpayer Bill of Rights, as set forth
358 in the Internal Revenue Code of 1986, or any subsequent
359 corresponding internal revenue code of the United States, as amended
360 from time to time;

361 (3) Directly or indirectly arrange for a third party to charge any
362 interest, fee or charge related to a refund anticipation loan or refund
363 anticipation check;

364 (4) Include any of the following provisions in any documents
365 provided or signed to obtain a refund anticipation loan or refund
366 anticipation check, including the loan application or agreement: (A) A
367 hold harmless clause; (B) a confession of judgment clause; (C) a waiver
368 of the right to a jury trial; (D) any assignment of or order for payment
369 of wages or other compensation for services; (E) a waiver of any
370 provision of the Taxpayer Bill of Rights, as set forth in the Internal
371 Revenue Code of 1986, or any subsequent corresponding internal

372 revenue code of the United States, as amended from time to time; or
373 (F) a waiver of the right to injunctive, declaratory, other equitable
374 relief, or relief on a class-wide basis. Any such provisions shall be
375 deemed void;

376 (5) Take or arrange for a creditor to take a security interest in any
377 property interest of the taxpayer other than the proceeds of the tax
378 refund to secure payment of a refund anticipation loan;

379 (6) Directly or indirectly, individually or in conjunction or
380 cooperation with another person, engage in the collection of an
381 outstanding or delinquent refund anticipation loan for any creditor or
382 assignee;

383 (7) Make a misrepresentation of fact in obtaining or attempting to
384 obtain a license;

385 (8) Fail or refuse to give a client, for the client's own records, a copy
386 of any document requiring the client's signature, within a reasonable
387 time after the client signs the document;

388 (9) Fail to maintain a copy of any tax return prepared for a client for
389 four years from the date of completion or the due date of the return,
390 whichever is later;

391 (10) Knowingly give false or misleading information to a client,
392 surety company or the board; or

393 (11) Engage in any other action prohibited by regulations adopted
394 by the State Board of Tax Practitioners, in accordance with the
395 provisions of chapter 54 of the general statutes.

396 (b) If a tax preparer or facilitator violates any one of the provisions
397 provided for in subsection (a) of this section, the tax preparer or
398 facilitator shall pay a penalty not to exceed two thousand five hundred
399 dollars for each such violation.

400 (c) If a tax preparer fails to sign his or her name to any return that
401 requires the tax preparer's signature, or a facilitator fails to sign his or
402 her name to any refund anticipation loan or refund anticipation check
403 facilitation documentation, then the tax preparer or facilitator shall pay
404 a penalty in the amount of two hundred twenty-five dollars for each
405 failure to so sign. The maximum penalty that may be imposed under
406 this subsection on any tax preparer with respect to returns filed during
407 any calendar year by the tax preparer, or on any facilitator with respect
408 to any refund anticipation loan or refund anticipation check facilitation
409 documentation completed during any calendar year by the facilitator,
410 shall not exceed two thousand five hundred dollars. If a tax preparer
411 or facilitator has been penalized under this subsection for a preceding
412 calendar year and again fails to sign his or her name on any return that
413 requires the tax preparer's signature or again fails to sign his or her
414 name on any refund anticipation loan or refund anticipation check
415 facilitation documentation during a subsequent calendar year, the
416 penalty under this subsection for each failure shall be five hundred
417 dollars with no maximum penalty.

418 (d) If a tax preparer or a facilitator fails to include the unique
419 identification number assigned by the board on any return, or any
420 return anticipation loan or return anticipation check facilitation
421 documentation that requires his or her signature, then the tax preparer
422 or facilitator shall pay a penalty of one hundred dollars for each failure
423 to include his or her unique identification number. The maximum
424 penalty imposed under this subsection on any tax preparer or
425 facilitator with respect to returns filed during any calendar year shall
426 not exceed two thousand five hundred dollars; except if a tax preparer
427 or facilitator has been penalized under this subsection for a preceding
428 calendar year and again fails to include the unique identification
429 number on one or more returns during a subsequent calendar year,
430 then the penalty under this subsection for each failure shall be two
431 hundred twenty-five dollars, with no maximum penalty.

432 (e) If a tax preparer, facilitator or a commercial tax return

433 preparation business employs an individual to prepare tax returns
434 who is not licensed by the board, then the tax preparer, facilitator or
435 commercial tax return preparation business, as applicable, shall be
436 subject to a penalty of five hundred dollars per violation.

437 (f) The board may waive any penalty imposed under this section
438 only for good cause shown by the tax preparer or facilitator.

439 (g) Other provisions of this section, sections 1 to 8, inclusive, of this
440 act and sections 10 to 16, inclusive, of this act or any other provision of
441 law prescribing additional requirements applicable to tax preparers or
442 facilitators shall not be affected by the provisions of this section except
443 as set forth expressly in this section.

444 Sec. 10. (NEW) (*Effective October 1, 2016*) (a) It shall be a violation of
445 sections 1 to 9, inclusive, of this act, this section and sections 11 to 16,
446 inclusive, of this act for a tax preparer or facilitator to do or commit,
447 and the State Board of Tax Practitioners may deny an application for
448 registration or discipline a licensee for, any of the following:

449 (1) Unprofessional conduct, including, but not limited to, denial of
450 licensure, certificate, permit, or registration, or revocation, suspension,
451 restriction, or any other disciplinary action against an applicant or
452 registrant by the federal government or another state or territory of the
453 United States, by any other government agency, or by another
454 professional licensing board or organization. A certified copy of the
455 decision, order or judgment shall be conclusive evidence of such
456 conduct.

457 (2) Procuring or attempting to procure a license by fraud,
458 misrepresentation or mistake.

459 (3) Violating or attempting to violate, directly or indirectly, or
460 assisting in or abetting the violation of, or conspiring to violate, any
461 provision or term of this section, sections 1 to 9, inclusive, of this act
462 and sections 11 to 16, inclusive, of this act or any regulation adopted

463 by the State Board of Tax Practitioners.

464 (4) Conviction of any felony or misdemeanor that is substantially
465 related to the qualifications, functions or duties of a licensee, in which
466 event the record of the conviction shall be conclusive evidence of the
467 crime.

468 (5) Impersonating an applicant or acting as a proxy for an applicant
469 in any situation or examination referred to under this section, sections
470 1 to 9, inclusive, of this act and sections 11 to 16, inclusive, of this act
471 for the issuance of a license.

472 (6) Impersonating a licensee, or permitting or allowing an
473 unlicensed person to use a license.

474 (7) Committing any fraudulent, dishonest or corrupt act that is
475 substantially related to the qualifications, functions or duties of a
476 licensee.

477 (8) Each violation of this section shall constitute a separate offense.

478 (b) The State Board of Tax Practitioners may discipline a licensee by
479 any, or a combination, of the following methods:

480 (1) Placing the license on probation.

481 (2) Suspending the license and the rights conferred by this section,
482 sections 1 to 9, inclusive, of this act and sections 11 to 16, inclusive, of
483 this act on a licensee for a period not to exceed one year.

484 (3) Revoking the license.

485 (4) Suspending or staying the disciplinary order, or portions of it,
486 with or without conditions.

487 (5) Taking other action as the State Board of Tax Practitioners deems
488 proper, as authorized by this section, sections 1 to 9, inclusive, of this
489 act, and sections 11 to 16, inclusive, of this act or any regulations

490 adopted under said sections.

491 (c) The State Board of Tax Practitioners may issue an initial license
492 on probation, with specific terms and conditions, to any applicant.

493 (d) If a license is suspended or revoked, the State Board of Tax
494 Practitioners shall notify the Department of Revenue Services and the
495 federal Internal Revenue Service.

496 Sec. 11. (NEW) (*Effective October 1, 2016*) (a) Except as provided in
497 subsection (b) of this section, upon annual renewal of a tax preparer's
498 or facilitator's license, each person licensed as a facilitator or tax
499 preparer shall submit evidence satisfactory to the State Board of Tax
500 Practitioners that the person has completed at least twenty hours of
501 instruction or seminars in subjects related to income tax preparation
502 since the granting of the initial license or the preceding license renewal
503 date, as applicable. If the board does not receive evidence that the
504 continuing education requirement has been completed by the
505 applicant, the board shall not renew the applicant's active license.

506 (b) The board may exempt a tax preparer or facilitator from the
507 continuing education required by this section upon application
508 showing evidence satisfactory to the board of inability to comply
509 because of unusual or extenuating circumstances, including medical
510 reason, military duty or other good cause to be approved by the board.

511 Sec. 12. (NEW) (*Effective October 1, 2016*) (a) Whenever a tax
512 preparer or facilitator ceases to engage in the preparation of or in
513 advising or assisting in the preparation of personal income tax returns,
514 such tax preparer or facilitator may apply to the State Board of Tax
515 Practitioners for inactive status. A license that is granted inactive status
516 may be renewed upon payment of the applicable license fee. No proof
517 that the continuing education required by section 11 of this act has
518 been fulfilled need be presented to the board for renewal of an inactive
519 license.

520 (b) A license in inactive status may be reactivated upon payment of
521 a reactivation fee, that shall be provided upon proof of compliance
522 with such continuing education requirements as may be adopted by
523 the board by regulations adopted in accordance with chapter 54 of the
524 general statutes.

525 (c) A license in inactive status may be revoked or suspended by the
526 board when conditions exist under which the board would have been
527 authorized to revoke or suspend the license if it were active.

528 (d) No person whose license is inactive shall act as a tax preparer or
529 facilitator.

530 Sec. 13. (NEW) (*Effective October 1, 2016*) The following individuals
531 are exempt from the requirements of sections 1 to 12, inclusive, of this
532 act and sections 14 to 16, inclusive, of this act:

533 (1) An individual in good standing with an active license issued by
534 the Connecticut State Board of Accountancy;

535 (2) An individual in good standing and admitted to practice law in
536 the state of Connecticut or in another state, and employees of
537 attorneys, or firms thereof preparing returns under the supervision of
538 such attorneys;

539 (3) An individual employed by a local, state or federal
540 governmental agency but only in performance of his or her official
541 duties;

542 (4) An individual enrolled to practice before the Internal Revenue
543 Service who is governed under Circular 230;

544 (5) An individual serving as an employee of or assistant to an
545 individual tax preparer or an individual exempted under this section
546 in the performance of official duties for the individual tax preparer or
547 the individual exempted under this section;

548 (6) Any full-time or part-time employee hired to fill a permanent
549 position, in connection with the duties as an employee who has the
550 incidental duty of preparing income tax returns for the business of the
551 employer only;

552 (7) While acting as such, any fiduciary, or the regular employees
553 thereof, acting on behalf of the fiduciary estate, the testator, grantor or
554 beneficiaries thereof;

555 (8) A certified public accountant that holds an active firm permit or
556 license issued by any state, a public accountant holding a valid permit
557 issued under a public accounting firm registered in any state; and

558 (9) Internal Revenue Services qualified tax preparers, including, but
559 not limited to, tax preparers of the Volunteer Income Tax Association
560 and Tax Counseling for the Elderly.

561 Sec. 14. (NEW) (*Effective October 1, 2016*) (a) Any person who
562 violates any provision of this section, sections 1 to 13, inclusive, of this
563 act and sections 15 and 16 of this act, in addition to any other penalty
564 provided by said sections, may be subject to a civil penalty of not more
565 than two thousand five hundred dollars for each violation. The
566 amount of the penalty shall be determined by the State Board of Tax
567 Practitioners after taking into consideration the gravity of the violation,
568 the previous record of the violator in complying, or in failing to
569 comply, with the regulations adopted by the board and other
570 considerations as the board considers appropriate.

571 (b) All penalties recovered under this section shall be paid into the
572 General Fund. Under appropriate circumstances, as a further remedy
573 in a proceeding which may or may not result in imposition of a civil
574 penalty or in cancellation, suspension, revocation or refusal to renew a
575 facilitator's or tax preparer's license, the State Board of Tax
576 Practitioners may impose the requirement of successful participation
577 and completion of an educational program specified by the board as a
578 correction or as a condition to reissuance, restoration, retention or

579 renewal of the license.

580 Sec. 15. (NEW) (*Effective October 1, 2016*) (a) The Board of State Tax
581 Practitioners may issue an order directed to a person to cease and
582 desist from any violation or threatened violation of this section or
583 sections 1 to 14, inclusive, of this act or section 16 of this act, or any
584 regulation or order adopted thereunder, if the board has reason to
585 believe that a person has been engaged, is engaging or is about to
586 engage in any violation of said sections, or any regulation or order
587 adopted thereunder. Upon entry of a cease and desist order, the board
588 shall promptly serve notice of the cease and desist order upon the
589 person engaging in or about to engage in such violation. Such notice
590 shall state that a hearing will be held on the cease and desist order if
591 the recipient of the order files a written demand for a hearing with the
592 board not later than twenty days after the date of service of the cease
593 and desist order.

594 (b) If timely demand for a hearing is filed under subsection (a) of
595 this section, the board shall hold a contested case hearing, in
596 accordance with the provisions of chapter 54 of the general statutes, on
597 the cease and desist order. In the event of a contested case hearing, the
598 civil penalties assessed in the cease and desist order shall be
599 suspended until issuance of a final order, but the remaining provisions
600 of the cease and desist order shall remain in full force and effect until
601 issuance of the final order.

602 (c) After the hearing, the board shall enter a final order vacating,
603 modifying or affirming the cease and desist order. Any person
604 aggrieved by a cease and desist order of the board that was the subject
605 of a contested case hearing may appeal such order in accordance with
606 the provisions of section 4-183 of the general statutes.

607 (d) Any judicial review of a cease and desist order under subsection
608 (c) of this section shall not bar the board from thereafter vacating or
609 modifying a cease and desist order involved in the proceeding for

610 review, or entering any new order, for a proper cause that was not
611 decided by the reviewing court.

612 (e) The board may seek injunctive relief in the event a person fails to
613 comply with a cease and desist order.

614 Sec. 16. (NEW) (*Effective October 1, 2016*) A violation of the
615 provisions of sections 1 to 15, inclusive, of this act shall be deemed to
616 be an unfair trade practice within the provisions of chapter 735a of the
617 general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2016</i>	New section
Sec. 2	<i>October 1, 2016</i>	New section
Sec. 3	<i>October 1, 2016</i>	New section
Sec. 4	<i>October 1, 2016</i>	New section
Sec. 5	<i>October 1, 2016</i>	New section
Sec. 6	<i>October 1, 2016</i>	New section
Sec. 7	<i>October 1, 2016</i>	New section
Sec. 8	<i>October 1, 2016</i>	New section
Sec. 9	<i>October 1, 2016</i>	New section
Sec. 10	<i>October 1, 2016</i>	New section
Sec. 11	<i>October 1, 2016</i>	New section
Sec. 12	<i>October 1, 2016</i>	New section
Sec. 13	<i>October 1, 2016</i>	New section
Sec. 14	<i>October 1, 2016</i>	New section
Sec. 15	<i>October 1, 2016</i>	New section
Sec. 16	<i>October 1, 2016</i>	New section

Statement of Purpose:

To require the licensing of tax preparers and facilitators and to create a State Board of Tax Practitioners to issue the licenses and enforce the licensing requirements.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]